

***United States Court of Appeals  
for the Second Circuit***



**APPELLANT'S  
REPLY BRIEF**



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74-1171

IN THE  
**United States Court of Appeals**  
FOR THE SECOND CIRCUIT

—  
APPEAL No. 74-1171  
—

AFFILIATED HOSPITAL PRODUCTS, INC.,  
*Appellant,*

v.

MERDEL GAME MANUFACTURING COMPANY,  
WM. RICHMAN ASSOCIATES, LTD.,  
BERNARD CAHN,  
*Appellees.*

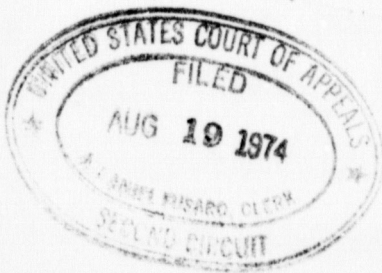
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APPEAL FROM THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK  
—

**REPLY BRIEF OF THE APPELLANT  
AFFILIATED HOSPITAL PRODUCTS, INC.**

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**I. Appellee Has Not Supported The District Court's  
Dismissal Of The Infringement Actions On The  
Ground Of Res Judicata**

The District Court disposed of the entire CARROM trademark infringement action on the sole ground of *res judicata* [Opinion, p. 17; App. 235]; applied *res judicata* as a bar to the copyright infringement action [Opinion, pp. 25-26; App. 242-43], and referred to *res judicata* in denying relief for infringement of the trademark KIK-IT [Opinion, p. 19; App. 237].

Although Appellees' Brief is 29 typewritten pages long, Appellees have not even attempted to support these actions of the District Court. Indeed, Appellees have not discussed the doctrines of *res judicata* and collateral estoppel at all.

## **II. The Stipulation Of March 2, 1967 Does Not Bar The Suit For Infringement Of The Trademark "CARROM"**

Affiliated is the owner of the trademark CARROM and its associated federal registration No. 49,996 [Opinion, p. 4; App. 223] and charged Merdel in the present action with infringement of this CARROM trademark.

At the end of trial, Merdel moved to amend the pleadings to include a prior agreement between Affiliated and Merdel as an affirmative defense to the CARROM trademark infringement action. [Transcript, pp. 357-58; App. 160-61]. Affiliated and Merdel had entered into the agreement as of March 2, 1967 [PX-4; Exh. Vol. I, pp. 4-5].

This agreement is nothing more than a matter of avoidance in regard to the CARROM infringement action, and must be pleaded as an affirmative defense under Rule 8, FEDERAL RULES OF CIVIL PROCEDURE.

For the agreement to be an effective affirmative defense against any part of the CARROM infringement action, the agreement must be enforceable by Merdel, and the burden is on Merdel to prove performance by Merdel and resultant enforceability.

It is also the burden of Merdel to prove exactly what part of the infringement action is avoided by the affirmative defense of estoppel by contract. The contract does not automatically avoid the entire infringement action; indeed, any activity not specifically permitted is subject to infringement charges, even assuming the contract is enforceable.

In Appellees' Brief, Merdel launches into a discussion of rescission of the agreement, and then concludes, without benefit of legal authority, that Affiliated resigned itself to a contract remedy for breach of the agreement and that Affiliated is not now free to reopen questions of trademark infringement, absent rescission of the agreement [Appellees' Brief, p. 8, lines 5-11].

This position is not only contrary to legal authority; it is also contrary to the terms of the agreement, for paragraph 1 of the agreement [PX-4; Exh. Vol. I, pp. 4-5] is an acknowledgement by Merdel that Affiliated's trademark registration is valid. That acknowledgment was a useless act if questions of trademark infringement did not continue after the agreement.

In paragraph 3 of the agreement [PX-4; Exh. Vol. I, p. 5], Affiliated acknowledged the validity of one of Merdel's patents. That acknowledgment was a useless act if questions of patent infringement did not continue after the agreement.

Merdel has also argued that Affiliated's proof of damages was deficient in considering the issue of material breach of the agreement. First, the question of the amount of damages had been severed for the accounting phase of the case [see Plaintiff's First Amended Complaint; App. 26], and second Merdel knows as well as any the difficulties and expense required in proving the amount of damage in unfair competition cases:

The trade pirate often understands, to some degree at least, the difficulties of showing damage in these cases and knows he can use unfair methods with comparative safety; for although he may be enjoined from continuing his acts, the likelihood of his having to pay any substantial sum if remote. He knows also that it

is almost impossible to show the extent to which an unfair device or an infringing trade-mark diverts trade or the extent of the injury which misrepresentations about a competitor or his goods or business may cause. 2 H. NIMS, *THE LAW OF UNFAIR COMPETITION AND TRADEMARKS* § 419, at 1325 (4th ed. 1947).

Merdel has also argued that no evidence of actual confusion was presented by Affiliated. When the trademark issues involve the use of the words CARROM and CAROM on directly competitive products, the test of a likelihood of confusion as set forth in 15 U.S.C. § 1114(1) is sufficient without requiring Affiliated to incur the expense of proving actual confusion by conducting investigations and surveys of ultimate consumers.

The whole rescission argument by Merdel obfuscates the legal fundamental that Merdel must plead and prove the enforceability of the prior agreement as an affirmative defense to the CARROM trademark infringement action. The proof in the record does not support enforceability of the agreement.

### **III. The CARROM Trademark Is Not Descriptive Of A Commercial Product**

Even though Merdel acknowledged the validity of the CARROM Trademark in the prior agreement between the parties [paragraph 1 of PX-4; Exh. Vol. I, p. 4], and even though the trademark has been held valid in both the Second and the Seventh Circuits, *Williams v. Mitchell*, 106 F. 168 (7th Cir. 1901); *Ludington Novelty Co. v. Leonard*, 127 F. 155 (2d Cir. 1903), Merdel has now decided to attack its validity.

The ground of attack, however, is spurious.



Merdel's position is that since Affiliated's predecessor named a particular game (as distinguished from a gameboard product) "carroms", all rights to CARROM as a trademark for gameboard products have been lost. Although Merdel has cited some trademark cases, it has not cited any to support this novel position, which if adopted would be disastrous to commercial morality. In the words of *Selchow v. Baker*, 93 N.Y. 59, 66 (1883):

It cannot be true as a general proposition, as contended on the part of the defendants, that when a manufacturer has given to his products a new name invented by himself for the purpose of distinguishing them as his, and the article becomes generally known to the trade and to the public by that name, the name becomes public property and every one has a right to use it. That proposition can be sustained only in respect to names which are descriptive of the article and incapable of being appropriated as trade-marks. The value of a trade-mark consists in its becoming known to the trade as the mark of the manufacturer who has invented or adopted it, and in being known to the public as the name of an article which has met with popular favor. It cannot be that the very circumstances which give it value, operate at the same time to destroy it.

This general trademark law has been followed in both the Second and the Seventh Circuits in holding the CARROM trademark valid. [See quotations on pages 15 and 16 of Appellant's Brief].

The argument of Merdel that the CARROM trademark is invalid because the word "CARROM" can have descriptive uses is simply not the law. This argument was refuted in *Williams v. Mitchell*, 106 F. 168, 171 (7th Cir. 1901), where the Court said:

... [W]hile the word "Carrom" may be descriptive of a game at billiards, it is not descriptive of the

game in question, and the complainant's board coming to be known by the designation of the "Carrom Board," or the "Carrom Game," the *defendants may not rightfully apply that name to their game as a designation or name of the game, although they have a right, as the court below decreed, to use the word in descriptive portions of advertisements so long as they use them in a purely and properly descriptive sense.* (Emphasis added).

Merdel does not want to use the word "CARROM" or "CAROM" in a "purely and properly descriptive sense," however.

Merdel wants to use the word "CARROM" or "CAROM" in a featured trademark sense to identify its gameboard product.

Merdel's argument is actually an argument for lack of infringement based on "fair use" rather than an argument for lack of validity. Merdel cannot win on a simple "fair use" defense, however, for Merdel's use has clearly been as a "symbol to attract public attention". See *Venetianaire Corp. of America v. A & P Import Co.*, 429 F.2d 1079, 1082 (2d Cir. 1970).

#### **IV. The Trademarks KIK-IT and KICK'ER Are Confusingly Similar**

Merdel's argument for lack of infringement of the trademark KIK-IT by the trademark KICK'ER on directly competitive products is contrary to the law clearly set forth in the *Venetianaire* decision, *supra*. The two names are clearly confusingly similar on directly competitive products.

The question then is whether Merdel's use of the name KICK'ER can be excused as a fair use or whether the use

constitutes "a symbol to attract public attention". The record shows clearly that Merdel's use was a use to attract public attention.

An allegation in the Merdel brief should be mentioned. Merdel alleges in paragraph 1 of Section III that "the proofs showed that Affiliated's trademark KIKIT was modified to KIK-IT *after* Merdel began marketing a similar game under the name Kick'er." This statement is false, for Merdel developed the Kick'er game product in 1964 [Transcript, p. 211; App. 107, PX-150; Exh. Vol. I, p. 292] and KIK-IT was first used on January 29, 1963 [PX-67; Exh. Vol. I, p. 115]. Indeed, even the application for registration of KIK-IT was filed with the Patent Office on October 2, 1963. [PX-67; Exh. Vol. I, p. 115].

Merdel adopted the KICK'ER trademark in full view of Affiliated's trademark KIKIT and KIK-IT, and it is well established that one who adopts a mark similar to the mark of another for closely related goods acts at his own peril. *Masterpiece of Pennsylvania, Inc. v. Consolidated Novelty Co.*, 368 F. Supp. 550, 180 U.S.P.Q. 785 (S.D.N.Y. 1973).

#### **V. Copyright Infringement Was Established, Except The District Court Applied An Erroneous Legal Test**

The District Court held: [Opinion, p. 25; App. 242].

I hold that, as Del Zoppo testified and as the Merdel game book portrays, he, his printing company and artist substantially achieved the objective of preventing a literal or closely paraphrased copy of the plaintiff's rule book.

Copyright infringement was denied based on this holding.



As pointed out in the Brief of Appellant, this is simply an erroneous legal test, particularly when the subject matter of the copyright is a rule book containing almost sixty pages of printed text and drawings, and actual use of the copyrighted work in preparing the rival work is admitted. The substantial similarities between the two works are discussed in Addendum I of the Brief of the Appellant and in Plaintiff's Exhibit 103 [lengthy Exh. omitted from Exh. Vol. I].

The District Court, and Merdel's argument in support of the holding below, rely on a statement in M. NIMMER, NIMMER ON COPYRIGHT § 37.83 (1973), in a section which concerns the copyrightability of games. This section is not concerned with tests for infringement; this section is not concerned with the copyrightability of 60-page rule books.

In any event, the principal case relied on by NIMMER to support his statement, *Mecanno, Ltd. v. Wagner*, 234 F. 912 (S.D. Ohio 1916), supports the proposition that instructions are subject to copyright but refutes at pages 921-22 the proposition that infringement can be proved only by a literal or closely paraphrased copy:

The thought and labor bestowed by defendant was not, as said before, in making a new work on the same subject, but was expended largely in paraphrasing the language of some of complainant's statements and descriptions in its Manuals so as to describe the same thing in somewhat different language. Paraphrasing constitutes infringement of a copyright as well as actual copying copyrighted matter. *West Publishing Co. v. Thompson Co.*, 176 Fed. 833, 838, 100 C.C.A. 303.

It is true that a part of the copyrighted Manual is found in Meccano's Manual of 1910, which was not copyrighted, and a prior Manual of 1910, copyrighted

(Complainant's Exhibits 40 and 41). But material and substantial matter found in the copyrighted Manuals charged to be infringed will be found in the Manuals complained of, either paraphrased or in the same words. The appropriation of a substantial portion of another's copyrighted work constitutes infringement. *Springer Lith. Co. v. Falk*, 59 Fed. 707, 712, 8 C.C.A. 224 (C.C.A. 2). It is also true the defendant has not appropriated the entire copyrighted work; but he has materially diminished the value of complainant's work, and appropriated its labors to an injurious extent. This constitutes infringement. *Greene v. Bishop*, Fed. Cas. No. 5, 763.

This case destroys the statement in *NIMMER* to the extent that it can be construed to be a test of infringement, and destroys the holding below that copyright infringement must be proved by a literal or closely paraphrased copy.

The District Court's denial of copyright infringement is clear error, and must be reversed.

#### **VI. Rule 52(a) Has Limited Applicability In This Appeal**

This Court is in as good a position as the District Court for determination of most of the issues on appeal. Consequently, Rule 52(a), FED. RULES CIV. P., has limited applicability. *Soptra Fabrics Corp. v. Stafford Knitting Mills, Inc.*, ..... F.2d ....., 180 U.S.P.Q. 545 (2d Cir. 1974).

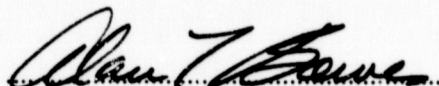
A study of two rival works to determine whether copyright infringement has occurred is not subject to credibility or any particular expertise.

A study of advertisements to see whether trademark use was a fair, descriptive use or a symbol to attract public attention falls in the same category.

While Rule 52(a) is not to be taken lightly, Affiliated does not know of any issue in this appeal which involves,

as a part of its determination, the observance of a witness at trial.

Respectfully submitted,



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### **CERTIFICATE OF SERVICE**

I certify that two (2) copies of the foregoing Brief were mailed to John D. Tully, One Vandenberg Center, Grand Rapids, Michigan 49502, counsel for Merdel Game Manufacturing Company, Wm. Richman Associates, Ltd., and Bernard Cahn, this 17 day of August, 1974.



